

SUMMARY ANALYSIS OF AMENDED BILL

Author: Jerome Horton Analyst: Norman Catelli Bill Number: AB 1028
 Related Bills: See Prior Analysis Telephone: 845-5117 Amended Date: May 23, 2005
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Equipment Credit/Property Used by Butchers and Meatcutters in Retail Locations

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED May 9, 2005, STILL APPLIES.

☒ OTHER – See comments below.

SUMMARY

This bill would create a 6% tax credit for certain taxpayers that purchase qualified property used in California for the retail sale of meat and poultry for human consumption.

SUMMARY OF AMENDMENTS

The May 23, 2005, amendments deleted North American Industry Classification System (NAICS) Codes after 445230 through 445310 from the definitions of “qualified taxpayer” and “qualified property.” These industry segments are classified as “Other Specialty Food Stores” and “Beer, Wine, and Liquor Stores,” respectively.

The amendments also made several technical, nonsubstantive clarifications.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Legislative Director

Date

IMPLEMENTATION CONSIDERATIONS

The analysis of the bill as amended on May 9, 2005, identified several implementation concerns. For convenience, they are repeated here.

NAICS is a classification system for establishments. Using the same terms as the NAICS would make the definition of a “qualified taxpayer” clearer. An establishment is “classified” to the industry when its primary activity meets the definition for that industry. Therefore, it may be clearer to state, “qualified taxpayer” means an establishment classified in Codes 4451...” This would link the NAICS definitions and classification to the eligibility for the credit.

In addition, in subdivision (c), of sections 17053.91 and 23649.1 of the Revenue and Taxation Code, the last statement is repetitive of existing rules and should be stricken to avoid confusion.

ECONOMIC IMPACT

Revenue Estimate

The revenue losses from this bill, under the assumptions discussed below, are estimated to be as follows:

Estimated Revenue Impact of AB 1028 As Amended May 23, 2005 Operative for Taxable Years Beginning on or After January 1, 2005 Assumed Enactment After June 30, 2005 (In \$ Millions)		
2005-06	2006-07	2007-08
-\$13	-\$21	-\$26

Revenue Discussion

The amendment would exclude firms engaged in certain businesses or trades from the definition of a qualified taxpayer. These include wine, beer, and liquor stores, and some other specialty food stores, such as confectionary and nut stores. The revenue estimates reflect the assumption that taxpayers accounting for 5% of the previously estimated revenue loss would cease to qualify due to the amendment.

LEGISLATIVE STAFF CONTACT

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